

Testimony of Milton Rodriguez, President  
V.I.C.E. Script, Inc.  
Before the Insurance Committee  
Legislative Office Building  
Hartford, CT  
February 17, 2009

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Good Afternoon Senator Crisco, Representative Fontana and members of the Insurance and Real Estate Committee. My name is Milton Rodriguez, President of V.I.C.E. Script, Inc., which is located in Cheshire. Thank you for the opportunity to speak in support of Raised Bill 6446, An Act Concerning Motor Vehicle Repairs. This bill, if enacted, would require insurers to offer a premium discount for a private passenger motor vehicle or truck-type motor vehicle that has its vehicle identification number etched in the windshield and windows.

According to the National Insurance Crime Bureau, over 1.1 million vehicles were stolen in the US last year constituting 8 billion dollars in losses for the insurance industry. In the State of Connecticut, over 10,000 vehicles were stolen and the average theft cost \$6,700 which means that 67 million dollars was lost due to theft in CT last year alone.

According to the Insurance Information Institute, in the State of Connecticut the average insurance premium is \$981 annually and the average comprehensive premium is \$125.

Window etching and parts marking are effective in stopping professional vehicle theft because in marking the vehicle with its VIN number you are making the vehicle and its parts fully identifiable and traceable. For example, a \$20,000 vehicle can be worth over \$30,000 if its unmarked parts are to be stolen and sold separately. By fully etching and marking the vehicle you take away the quick profit of stealing and selling an untraceable vehicle. The National Insurance Crime Bureau encourages vin etching and parts marking right on their website. Window etching and parts marking also aids law enforcement in investigating and identifying vehicles involved in hit and run and accidents and in the recovery of stolen parts. The Federal


Government mandates the marking of high theft vehicles at the time of manufacturer with its complete vehicle identification number.

In analyzing our numbers I can speak to the effectiveness of vin etching and parts marking in our State. As a CT based company in the theft deterrent field, our numbers are rather staggering in that we have vin etched and parts marked over 125,000 vehicles in the last 5 years and we have experienced that only 95 of these vehicles have been stolen. This is a loss of one vehicle out of every 1,315 vehicles vin etched and parts marked, the national average for unprotected vehicles is one vehicle will be stolen out of every 210.

The encouragement of an insurance premium discount will mean that more consumers will decide to protect their vehicles at the new and used car dealers and that the insurance companies will see a reduction in the amount of auto theft as a result. Also, the State of Connecticut will benefit because the more consumers who elect to purchase the system of window etching and parts marking the more additional dollars that will be generated from sales tax.

Other states including New York, Massachusetts, New Jersey and Rhode Island have all established guidelines and offer insurance discounts for window etching and parts marking. The State of Connecticut mandates that all new and used car dealers offer their customers window etching and parts marking services. I would request that the Insurance and Real Estate Committee that this required insurance discount should incorporate the full window etching and complete parts marking components of a vehicle. With the insurance discount, these customers who purchase the system will receive a small comprehensive reduction, this allows the insurance companies to improve their loss ratios and save millions of dollars in theft claims. By providing insurance discounts this creates tremendous consumer awareness on auto theft which then allows the insurance companies to save on theft claims because of this increased awareness.

Thank you for the privilege of allowing me to speak before you today. I'll be happy to answer any questions you may have.



Insurance Information Institute

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## ISSUES UPDATES

### Auto Theft


**THE TOPIC**

**DECEMBER 2008**

Auto theft is covered under the comprehensive section of an auto insurance policy. Theft coverage applies to the loss of the vehicles as well as parts of the car such as air bags. Comprehensive coverage, which is not mandatory, also pays for fire, vandalism and weather-related damage including damage from flooding and earthquakes.

Premium rates for comprehensive insurance are affected by the risk of loss, meaning the likelihood that an insured car will be stolen or damaged and the car's value at the time of the loss. The dollar size of claims has been going up, reflecting the higher value of new cars on the road, the value of the cars that are targets for theft or are damaged and the cost of vehicle bodywork. Vehicle bodywork costs include replacing stolen components. Nationally, more than 75,000 airbags are stolen every year.

According to the Federal Bureau of Investigation, the number of U.S. motor vehicle thefts decreased by 8.1 percent from 2006 to 2007, the fourth consecutive annual decrease. In 2007 the value of stolen motor vehicles was \$7.4 billion. The average value of a motor vehicle reported stolen in 2007 was \$6,755.



### KEY STATISTICS

- **2007 Theft Statistics:** According to the Federal Bureau of Investigation's (FBI) Uniform Crime Reports, a motor vehicle is stolen in the United States every 28.8 seconds. The odds of a vehicle being stolen were 1 in 210 in 2006 (latest data available based on registrations from the Federal Highway Administration, thefts from the FBI and calculated by the Insurance Information Institute). The odds are highest in urban areas.
- U.S. motor vehicle thefts fell 8.1 percent in 2007 from 2006, according to the FBI's Uniform Crime Reports. In 2007, 1,095,769 motor vehicles were reported stolen.
- In 2007 the southern states accounted for the largest share of thefts—36.4 percent, followed by the West, 35.7 percent. The Midwest accounted for 18.2 percent of thefts and the Northeast for 9.8 percent.
- Nationwide the 2007 motor vehicle theft rate per 100,000 people was 363.3, down 8.8 percent from 398.4 in 2006. The highest rate was reported in the West, 557.4, down 11.8 percent from 632.1 in 2006. The rate of motor vehicles stolen was 360.9 in the South, down 4.6 percent from 2006; 300.4 in the Midwest, down 9.7 percent; and 195.7 in the Northeast, down 11.9 percent.
- Only 12.6 percent of thefts were cleared, either by arrests or by exceptional means, in 2007.
- Carjackings occur most frequently in urban areas. They accounted for only 3.0 percent of all motor vehicle thefts, based on Department of Justice data from 1993 to 2002 (latest available).
- The average comprehensive insurance premium in the U.S. fell 3.3 percent from 2005 to 2006 (the most recent data available) to \$140.38 from \$145.16, according to the National Association of Insurance Commissioners.

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## FACTS AND STATISTICS

### Auto Insurance

The average cost of automobile insurance declined by 1.7 percent in 2006, according to a November 2008 report from the National Association of Insurance Commissioners (NAIC). The District of Columbia had the highest average expenditure (\$1,164), followed by New Jersey (\$1,152), Louisiana (\$1,094), New York (\$1,083) and Florida (\$1,069).

#### AVERAGE EXPENDITURES FOR AUTO INSURANCE, UNITED STATES, 1997-2006

Year	Average expenditure	Percent change	Year	Average expenditure	Percent change
1997	\$705	2.0%	2002	\$786	8.3%
1998	703	-0.3	2003	830	5.6
1999	685	-2.6	2004	842	1.4
2000	690	0.7	2005	831	-1.3
2001	726	5.2	2006	817	-1.7

Source: © 2007 National Association of Insurance Commissioners.

■ 77 percent of insured drivers purchase comprehensive coverage in addition to liability insurance, and 72 percent buy collision coverage, according to 2006 NAIC data.

#### TOP TEN MOST EXPENSIVE AND LEAST EXPENSIVE STATES FOR AUTOMOBILE INSURANCE, 2006 (1)

Rank	Most expensive states	Average expenditure	Rank	Least expensive states	Average expenditure
1	D.C.	\$1,164	1	North Dakota	\$530
2	New Jersey	1,152	2	Iowa	536
3	Louisiana	1,094	3	South Dakota	554
4	New York	1,083	4	Idaho	577
5	Florida	1,069	5	Kansas	579
6	Massachusetts	1,042	6	Nebraska	584
7	Rhode Island	1,038	7	Wisconsin	590
8	Delaware	1,024	8	North Carolina	596
9	Nevada	1,006	9	Indiana	631
10	Connecticut	981	10	Maine	634

(1) Based on average automobile insurance expenditures.

Source: © 2008 National Association of Insurance Commissioners.

#### TOP TEN STATES FOR VEHICLE THEFT, 2007

Rank	State	Vehicles stolen
1	California	219,392
2	Texas	93,889
3	Florida	73,656
4	Arizona	48,389
5	Georgia	42,594
6	Michigan	42,151
7	Washington	37,622
8	Illinois	33,887
9	Ohio	33,779
10	Maryland	28,303

Source: National Insurance Crime Bureau.

#### MOTOR VEHICLE THEFT IN THE UNITED STATES, 1998-2007

Year	Vehicles stolen	Percent change
1998	1,242,781	-8.2%
1999	1,152,075	-7.3
2000	1,160,002	0.7
2001	1,228,381	5.9
2002	1,246,646	1.5
2003	1,261,226	1.2
2004	1,237,851	-1.9
2005	1,235,859	-0.2
2006	1,192,809	-3.5
2007	1,095,769	-8.1

Source: U.S. Department of Justice, Federal Bureau of Investigation.

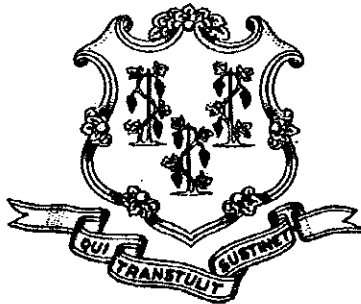
- The estimated number of motor vehicle thefts declined in all four regions of the United States in 2007 when compared to the 2006 estimates. The largest decline, 12.0 percent, occurred in the Northeast.

[Top 10 Hot Spots](#)[View All States](#)[News Release](#)[Download: Hot Spot Report 2007](#) | [Report Methodology](#)

## Connecticut

2007 Rank	CBSA	MSA Name	2007 Thefts	2007 Rate
104	35300	New Haven-Milford, CT	2,930	346.54
138	25540	Hartford-West Hartford-East Hartford, CT Metropolitan	3,474	292.15
197	14860	Bridgeport-Stamford-Norwalk,	1,960	218.99
301	35980	Norwich-New London, CT	337	126.04

**WHAT ARE VIN ETCHING  
AND  
MARKING OF COMPONENT  
PARTS SERVICES**



**M. Jodi Rell**  
*Governor*

**Robert M. Ward**  
*Commissioner*

**State of Connecticut**  
Department of Motor Vehicles  
60 State Street  
Wethersfield, CT 06161

[ct.gov/dmv](http://ct.gov/dmv)

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### **What is VIN Etching?**

VIN etching is the engraving of the complete Vehicle Identification Number (VIN) in the lower corner of the windshield and on each side or rear window of a new car, used car, or leased car. VIN etching is also the engraving of the VIN on motorcycle component parts.

### **Must my vehicle/motorcycle be etched?**

No. This is an option. Even if the vehicle has already received the VIN etching process, it is the consumer who makes the choice of accepting and paying for it.

### **Should my vehicle/motorcycle be etched?**

Whether your vehicle/motorcycle should be etched depends upon your individual preference. However, statistics maintained by law enforcement agencies indicate that vehicles which have been etched are less likely to be the target of professional car thieves.

### **What must my dealer/lease company do?**

State law mandates that the dealer/lease company must offer window etching as a service to purchasers of new, used, and leased vehicles or motorcycles. The service must include etching of the lower corner of the windshield, and each side or rear window of the vehicle, or in the case of a motorcycle, component parts.

### **What is VIN parts marking?**

VIN parts marking is the secure marking of vehicle component parts with the complete vehicle identification number (VIN).

### **Does Connecticut state law require marking of component parts?**

No. The service of marking component parts is permitted, but is not mandated by Connecticut state law.

### **Do federal statutes require marking of component parts?**

Federal Law, however, requires manufacturers to mark component parts in designated "high theft" line vehicles.

### **How much can be charged for VIN etching or marking of component parts?**

A dealer/lease company may charge a reasonable rate but no more than the rate filed with the DMV. Rates shall be filed with DMV no later than September 1st of each year.

For additional information, or to file a complaint, call the Department of Motor Vehicles, Dealers and Repairers Division, at (860) 263-5055.



ETCHING OF VEHICLE IDENTIFICATION NUMBER  
AND COMPONENT PARTS MARKING  
K-200 NEW 9-2004



STATE OF CONNECTICUT  
DEPARTMENT OF MOTOR VEHICLES  
DEALERS AND REPAIRERS DIVISION  
On The Web At <http://dmvct.org>



CERTIFICATE OF FILING

SECTION 14-99H C.G.S. AND PUBLIC ACTS 2004-199 SECTION 36 AND 2006-130 SECTION 23

DATE:

DEALER NAME:

DEALER LICENSE NUMBER:

I, \_\_\_\_\_ acting as a principal of the above used car or new car dealership, or new or used dealer that sells a motorcycle, as defined in Sec. 14-51 C.G.S. or as lessor licensed in accordance with 14-15 C.G.S., acknowledge receipt of copy of Section 14-99h C.G.S., Public Act 2004-199 Section 36 and Public Act 2006-130, Section 23.

I understand that I am required to offer the etching of the complete Vehicle Identification Number on the window glass to all customers; I may also offer the marking of the vehicle component parts with the complete vehicle identification number. Each new or used dealer that sells a motorcycle shall offer to the purchaser to mark the complete vehicle identification number on the component parts of said vehicle.

- 1) Displaying a sign in the showroom which announces the services and the charges.
- 2) Training all salespersons to offer the option of the VIN etching service or the option of the marking of the component parts in the preparation of a contract for purchase of a passenger automobile.
- 3) If I decide to have any vehicles on my lot etched or marked prior to their sale or lease I will specify the charge for such service separately on the label required by the Federal Automobile Information Disclosure Act. I will inform the potential purchaser of the cost and advantage of the service and may charge the price below, if the customer agrees.
- 4) However, if the customer does not wish the service, no charge will be made. If I decide to have all vehicles on my lot etched or marked prior to their sale or lease I may preprint the purchase order with the charge for the VIN Etching service or component parts marking service, provided the service is itemized and clearly disclosed as an option on such purchase order.

Until this form is updated and received by the Department of Motor Vehicles, the following price will be charged to all customers who request the option of VIN window etching or component part marking.

VIN Etching \$ \_\_\_\_\_ per vehicle

Parts Marking \$ \_\_\_\_\_ per vehicle

DEALER PRINCIPAL \_\_\_\_\_

DATE \_\_\_\_\_

Section 14-99h of the general statutes is replaced and the following is substituted in lieu of thereof (Effective October 1, 2006):

- (a) Each new car dealer or used car dealer, as defined in section 14-51, or lessor licensed under the provisions of section 14-15 shall offer the purchaser or lessee of a new or used motor vehicle, at the time of sale or lease, the optional service of etching the complete identification number on the vehicle on a lower corner or the windshield and on each side or rear window in such vehicle. Each such dealer or lessor may etch the complete identification number of a motor vehicle on any such vehicle in its inventory prior to sale or lease provided it specifies the charge for such service separately on the order for the motor vehicle as prescribes by the provisions of section 14-62.
- (b) If a new car dealer or used car dealer, as defined in section 14-51, offers the purchaser of a new or used motor vehicle, at the time of sale, the optional service of marking vehicle components with the complete vehicle identification number, the dealer shall specify the charge for such service separately on the order for the sale of the motor vehicle as prescribed by the provisions of section 14-62. The commissioner may adopt regulations, in accordance with chapter 54, to implement the provisions of this subsection. Such regulations may provide standards for the marking of component parts in a secure manner, and for telephone or on-line access to a secure database of vehicles including motorcycles and parts that have been marked and registered in such database. Such regulation may also provide for the marking of parts used to replace parts that have been marked in accordance with the provisions of this subsection, by repairers licensed in accordance with section 14-52. Each new or used dealer that sells a motorcycle shall offer to the purchaser to mark the complete identification number on the component parts of said motorcycle. Such service shall be subject to the regulations and standards adopted by the commissioner in accordance with this subsection.
- (c) Each new car dealer, used car dealer or lessor shall charge reasonable rates for etching services and parts marking services rendered within the state pursuant to [subsection] subsections (a) and (b) of this section and shall file a schedule of such rates with the Commissioner of Motor Vehicles not later than September first in each year. Each such dealer or lessor may from time to time file an amended schedule of such rates with the commissioner. No such dealer or lessor may change any rate for such etching services or parts marking services which is greater than the rate contained in the most recent schedule filed with the commissioner.
- (d) A motor vehicle dealer, licensed in accordance with section 14-52 and meeting qualifications established by the commissioner, may verify a manufacturer's vehicle identification number to satisfy any provision requiring such verification in this chapter, or chapter 246a or 247. Such verification shall be provided in a written affidavit signed by such a motor vehicle dealer, or his designee, and submitted to the commissioner. Such affidavit shall contain a statement that the manufacturer's vehicle identification number corresponds to such number (1) on the manufacturer's or importer's certificate of origin, if the motor vehicle is new, or (2) on a current certificate of title, for all other vehicles. Such affidavit shall also contain a statement that the vehicle identification number has not been mutilated, altered or removed.
- (e) Any person violating the provision of subsection (c) of this section, shall be subject to the penalties of false statement, provided for in sections 14-110 and 53a-157b.
- (f) The commissioner may adopt regulations, in accordance with chapter 54, to implement the provisions of this section.

## **What Impact Can VIN Marking have on Auto-Theft? Read what the experts have to say.....**

**According to preliminary reports conducted by the National Institute of Justice and the National Highway Traffic Safety Administration, anti-theft labels have been a significant contributor to the continued decline of auto theft in the United States since the early 1990's. The study reports that component parts anti-theft labels assist most big city and state auto theft investigators to arrest car and parts thieves and to prosecute them.**

**State Farm Insurance, in testimony before the 102<sup>nd</sup> Congress, reported that a test was done in Northwest Indiana using 18 metal components. The claim frequency on etched vehicles dropped 37.5% and after taking into consideration the cost of etching, a net savings of \$476,860 was realized. Their opinion was that the marking of major body parts and glass can be an important countermeasure to auto theft.**

**According to the NICB, the majority of auto-theft investigators agree that it's extremely rare for all anti-theft VIN labels to be successfully removed from the vehicle, and it takes only one component part with an intact anti-theft label to trace the vehicle owner, prove the vehicle was stolen and make arrests.**

**New Jersey State Trooper Mike Mechow stated that anti-theft labels are sort of like fingerprints, you're born with them, and they are a part of you. Eventually, the prints will identify you.**

every minute and vehicle theft remains the nation's number one property crime, costing an estimated \$7.6 billion each year. Vehicle theft is also a global epidemic. It is estimated that the global cost of motor vehicle theft is approximately \$20.5 billion.

The Congress enacted the Motor Vehicle Theft Law Enforcement Act in 1984 (the 1984 Theft Act) as a measure to reduce the growing problem of motor vehicle theft in the 1980's. It added Title VI to the Motor Vehicle and Information Cost Savings Act (re-codified as Chapter 331 of Title 49, United States Code). The purpose of the 1984 Theft Act was to help reduce motor vehicle thefts and to provide a tool for law enforcement to trace and recover stolen motor vehicles and vehicle parts while minimizing the cost increase to the consumer.

Under the provision of the 1984 Theft Act, the National Highway Traffic Safety Administration (NHTSA) published the regulation entitled "Exemption from the Vehicle Theft Prevention Standard", 49 CFR Part 543. The 1984 Theft Act intended to encourage manufacturers to use anti-theft devices which could act as a further theft deterrent. 49 CFR Part 543 allows a manufacturer to petition the agency for an exemption from the parts-marking requirements of the theft standard of a vehicle line when it plans to install an anti-theft device as standard equipment on the entire line. The agency may approve the exemption if it determines that the anti-theft device is likely to be as effective as parts-marking in reducing and deterring motor vehicle theft.

The following is a summary of major events in the theft prevention regulatory history:

On October 24, 1985, NHTSA published the Federal Motor Vehicle Theft Prevention Standard, 49 CFR Part 541. The purpose of this standard is to reduce motor vehicle theft by

## The “Layered Approach” to Protection

Professional thieves can steal any car, but make them work for yours. To prevent thefts, the National Insurance Crime Bureau (NICB) recommends “Layered Protection.” The more layers of protection on your vehicle, the more difficult it is to steal.

The number of layers your vehicle needs varies depending on your vehicle and geographic location. Your budget and personal preferences should determine which anti-theft device is best for you.

### **Layer #1 – Common Sense**

An unlocked vehicle with a key in the ignition is an open invitation to any thief, regardless of which anti-theft device you use. The common sense approach to protection is the simplest and most cost-effective way to thwart would-be thieves.

Secure your vehicle even if parking for brief periods. You should always:

- Remove your keys from the ignition
- Lock your doors /close your windows
- Park in a well-lit area

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### **Layer #2 – Warning Device**

The second layer of protection is a visible or audible device which alerts thieves that your vehicle is protected. Popular second layer devices include:

- Audible alarms
  - Steering column collars
  - Steering wheel/Brake pedal lock
  - Brake locks
  - Wheel locks
  - Tire locks/Tire deflators
  - Theft deterrent decals
  - Identification markers in or on vehicle
  - Window etching
  - Micro Dot Marking
- 

### **Layer #3 – Immobilizing Device**

The third layer of protection is a device which prevents thieves from bypassing your ignition and hot-wiring the vehicle.

Some electronic devices have computer chips in ignition keys. Other devices inhibit the flow of electricity or fuel to the engine until a hidden switch or button is activated.

Popular third layer devices include:

- Smart keys
- Fuse cut-offs
- Kill switches
- Starter, ignition and fuel disablers
- Wireless, ignition authentication

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### **Layer #4 – Tracking Device**

The final layer of protection is a tracking device which emits a signal to police or a monitoring station when the vehicle is stolen. Tracking devices are very effective in helping authorities recover stolen vehicles. Some systems employ “telematics” which combine GPS and wireless technologies to allow remote monitoring of a vehicle. If the vehicle is moved the system will alert the owner and the vehicle can be tracked via computer.

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